



Summary

Listed below are highlights from the Montana Workers' Compensation Annual Report Fiscal Year 2005. This report contains information about Montana's workers' compensation system, including injury statistics and characteristics, benefits paid to claimants, payments made by insurers to others in the system, dispute resolution and miscellaneous regulatory programs and functions. Unless otherwise cited, all reported numbers, charts, and tables are derived from the State of Montana workers' compensation database (WCAP).

Claims Statistics

There were 32,164 claims reported in Fiscal Year 2005 (FY05) compared with 32,443 reported in FY04. This is a decrease of 0.9% from FY04. Since FY01, the number of claims reported by the Montana State Fund has increased by 43.6% (from 10,325 to 14,823), while claims reported by private carriers have decreased by 44.9% (from 17,303 to 9,530). The number of claims reported by self-insurers has remained about the same. The service industry was responsible for 27.2% of all claims reported in FY05. Retail trade had the second largest percentage of claims at 12.3%.

Benefits

The total indemnity (wage loss) and medical benefits paid in FY05 were \$210,307,885 compared to \$210,767,361 in FY04, decreasing \$459,506 or 0.2%. Medical benefit payments as reported to the Department of Labor and Industry (DLI) decreased for Montana State Fund, whereas self insurers and private carriers saw an increase in medical benefits paid. Self-insurers' medical payments increased by 1.5% and private carriers increased 3.4% in FY05. Montana State Fund medical benefits paid decreased by 4.2%.

A report portraying average and median benefits (indemnity and medical) paid throughout the lives of indemnity claims is in the Benefits section. The report, compiled by Insurance Services Office, Inc. (ISO) using data from the WCAP database, covers a period of 6 years (FY00 through FY05).

Dispute Resolution

The Claims Unit of the Employment Relations Division (ERD) is responsible for the occupational disease evaluation process. They processed 193 occupational disease cases in FY05. This is an increase of 55.6% from FY04.

The Mediation Unit completes a case by holding a conference and issuing a written recommendation. During FY05, the unit processed 1,463 petitions, resulting in a resolution rate of 78%.

The Hearings Bureau received 11 new petitions for contested case hearings in FY05, a decrease of 21.4% from FY04.

The Workers' Compensation Court received 267 petitions, dismissed 83 petitions and issued 161 decisions in FY05.

Workers' Compensation Assessments as Expended

The administration of the Workers' Compensation and Occupational Disease Acts and the various occupational safety laws is funded by an assessment on employers and insurers. The cost of the regulatory functions in FY05 was \$4,735,449. Beginning in FY00, a new process was instituted and each insurer was assessed 3% of benefits paid. For policies written by Plan 2, private insurers and Plan 3, the Montana State Fund, the assessment is collected as a premium surcharge paid by individual policy holders.

Subsequent Injury Fund (SIF)

SIF payments in FY04 for all dates of injury were \$172,559. There were 208 new SIF certifications during FY05 resulting in a total of 3,610 certified individuals in the state of Montana.

Uninsured Employers' Fund (UEF)

UEF provides benefits for injured employees when employers are without appropriate workers' compensation insurance. In FY05, UEF collections increased 35.1% from FY04, totaling \$1,908,717. There were 90 new claims and injured workers received \$728,279 in medical and indemnity benefits in FY05.

Occupational Safety & Health

Mandatory inspections in the public sector completed by the Occupational Safety & Health Bureau totaled 422. The bureau completed 236 onsite inspections in the private sector. In addition, 39 onsite inspections were performed in the coal mining industry and 59 in sand and gravel operations. The Training Institute conducted 40 formal training sessions in CY05, training 949 workers. Local Focus Groups held 40 training sessions, which trained 676 workers.

Independent Contractor Exemptions

Independent contractors who do not wish to be covered under workers' compensation insurance may file for an exemption with the DLI. The number of independent contractor exemption applications received for FY05 totaled 7,578. Fifty-nine percent of the independent contractors are in the construction industry.

Professional Employer Organizations (PEO's)

To be licensed, a PEO must submit an application and proof of workers' compensation coverage. Twenty-eight PEO's were licensed in Montana at the end of FY05. These PEOs leased 2,629 employees to 364 client companies.